

A Comparison of Food Stamp Participation Rates in Working and Non-Working California Households

Are eligible working families less likely to access the Food Stamp Program than non-working families?

A companion report to *Food Stamp Participation Rates in California Since 1996*

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Are eligible working families less likely to access the Food Stamp Program than non-working families?

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California Food Policy Advocates

California Food Policy Advocates is a public policy and advocacy organization whose mission is to improve the health and well-being of low-income Californians by increasing their access to nutritious and affordable food.

CFPA is California's only statewide advocacy organization with a focus on food and nutrition for low-income people. The organization's work emphasizes the critical importance of preserving, improving, and expanding participation in the federal food programs, the state's strongest tool in overcoming hunger and malnutrition. CFPA works with community-based organizations to identify critical food access problems and mobilize effective solutions to them.

CFPA uses research and analysis, advocacy, and community education and mobilization to ensure that every Californian has access to the nutrition required to grow, to learn, and to lead a productive life.

Acknowledgements

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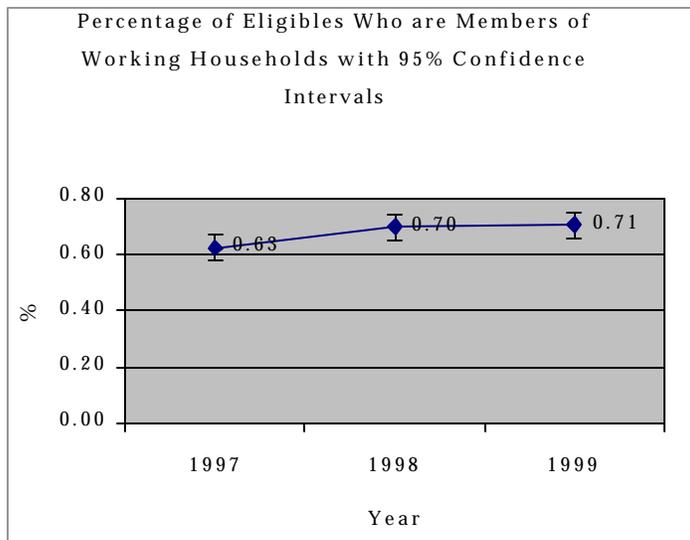
The author would also like to thank Douglas Mayfield with the U.S. Census Bureau, Laura Castner with Mathematica Policy Research for providing technical assistance on this project. The author is also very grateful for contributions of CFPA staff George Manalo-LeClair, Amy Marinacci and Michael Arnold.

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Executive Summary

Prior research has determined that just 45% percent of the people who are eligible for food stamps in California participate in the Food Stamp Program¹. Some commentators have suggested that the participation rate is no higher because more low-income Californians are working and the Food Stamp Program is either inaccessible or unknown to working people. Are more working Californians eligible for food stamps than in 1997? Are they more or less likely to participate in the Food Stamp Program than the non-working eligible population?

To answer these questions an analysis of Current Population Survey data (CPS) was undertaken with a methodology used in previous food stamp participation research. However, this current analysis separates workers and non-workers. The study yielded the following results:



There has been an increase in the percentage of people eligible for food stamps in California who are from working families. As the chart indicates, most food stamp eligible individuals are members of working households

Working Households are less likely to participate. Comparison of the participation rate of the eligible working population and the participation rate of the eligible non-working population indicated that non-working individuals are 55 percent more likely than working individuals to be participants in the Food Stamp Program.

Other factors exist that may explain the discrepancy:

How can these findings be explained? The author conjectures that other factors should be examined:

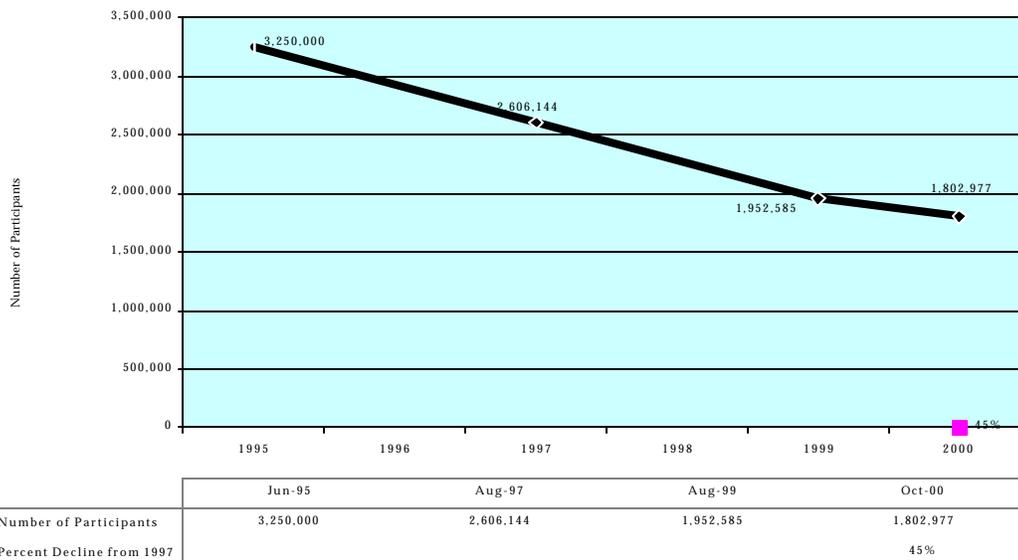
- Lengthy application process: members of working households may not be able to take the time off work to apply for food stamps.
- Misinformation: members of working families may believe that working renders them ineligible for food stamps since the program is often viewed as “welfare.”
- (Perceived) minimal benefits: The amount of benefits received is often minimal suggesting that it is unlikely that one would spend the time with a lengthy application process and monthly paperwork hassles for a small amount of food stamps.

¹ Bottomley, Christian. March 2001. Food Stamp Participation Rates in California Since 1996. California Food Policy Advocates.

Introduction

Since the passage of welfare reform on August 22, 1996, there has been a marked decline in food stamp participation. There has been an over 40% drop in the number of participants in California since that time. While the drop as indicated in the chart below is clear, the causes of the decline are unclear.

The Drop in Food Stamp Participation in California from 1995-2000



Several suggestions for the cause of the drop in participation rate have been made. That certain populations were cut-off from food stamps by the federal welfare reform legislation accounts for some of the drop. However, research in California demonstrates that a significant drop in the participation rate still occurred in California when excluded populations were removed².

The drop in cash assistance participation has also been blamed. Zedlewski and Brauner³ (USDA 1999) interviewed families who had been receiving food stamps at some point between 1995 and 1997. They found that 62 percent of the households that previously had been receiving cash assistance no longer received food stamp benefits, while among those that had not been receiving cash benefits, only 42 percent were no longer receiving food stamp benefits.. If a

² Paulos, Greg.2000.Uncovering the Causes: Trends in Participation in the Food Stamp Program in California. California Food Policy Advocates.

³ Zedlewski, Sheila R., and Sarah Brauner. 2000.Are the Steep Declines in Food Stamp Participation Linked to Falling Welfare Caseloads? Washington, D.C.: The Urban Institute. New Federalism: National Survey of America's Families. Paper Number B-3.

household leaves or is discontinued from one program, it is more likely that they will also leave other programs. When families lost cash assistance, they were more likely to lose food stamps, regardless of their eligibility status. Zedlewski and Brauner concluded that it was welfare reform and the reduction of people receiving cash assistance that were responsible for the decline in the food stamp participation rate.

The strength of the economy has been frequently cited as being responsible for much of the change in food stamp participation rates⁴. However, mechanisms by which the economy affects participation rates have not been fully explored. One clear way in which a good economy effects food stamp participation is by reducing the number of people eligible (because increased employment would ideally increase earnings over the 130% FPL income limit). California Food Policy Advocates did determine in a previous study that fewer people in California are eligible for food stamps. However, the study also found that the number of participants was dropping faster than the number of eligible people. While the economy has a clear impact on eligibility, its impact on the participation rate is less clear.

One way to establish a connection between the economy and food stamp participation would be to compare the participation rate of working versus non-working families. A connection would be established if the participation rate were higher among non-working families than working families. Then the increase in the number of working families that goes hand-in-hand with the strong economy would result in a reduced participation rate.

There are a number of reasons for expecting the food stamp participation rate to be lower amongst members of working households. Anti-hunger advocates have proposed that the average 5 hours and almost 3 trips to the welfare office required to apply for food stamps are incompatible with work⁵. Advocates also argue that many households are under the impression that work will automatically disqualify them from food stamps. A recent survey by USDA has shown that 75% of the households with earnings who were eligible for food stamps were not aware they were eligible.⁶

⁴ Schirm, Allen L. 2000. "Reaching Those in Need: Food Stamp Participation Rates in the States." Alexandria, VA: Food and Nutrition Service, U.S. Department of Agriculture.

⁵ Customer Service in the Food Stamp Program. July 1999. Mathematica Policy Research for the U.S. Department of Agriculture.

Mike Meltzer. 2000. How Long Does it Take? California Food policy Advocates.

⁶ Ponza, Michael et al. Customer Service in the Food Stamp Program. July 1999. Mathematica Policy Research for the U.S. Department of Agriculture.

Data

The Current Population Survey (CPS) Data set was used to identify food stamp eligible members of working families and food stamp eligible members of non-working families.

Identification of Food Stamp Eligibles

Details of the methodology used to identify food stamp eligibles are given in *Food Stamp Participation Rates in California Since 1996*⁶.

Identification of Workers and Non-workers

A household was defined as a working household if any of its members were classed as employed according to the CPS monthly labor force variable (PEMLR).

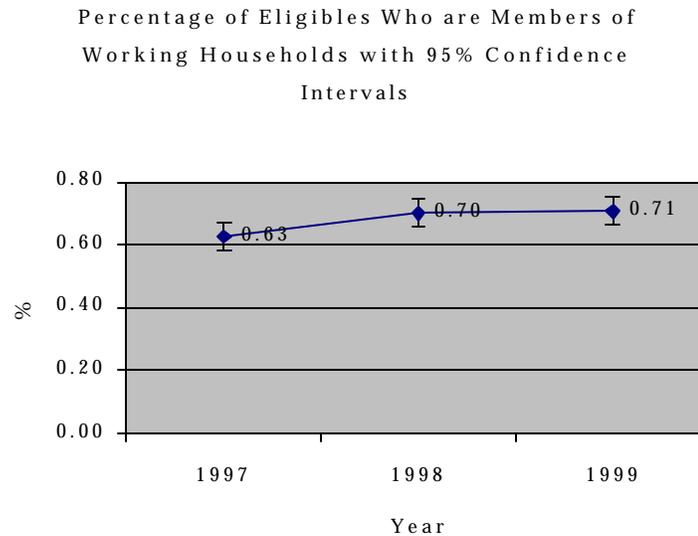
Identification of Food Stamp Participants

After having identified members of non-working households that were eligible and members of working households that were eligible, the percentage participation was calculated for the two groups using the CPS variable HFOODSP. Estimates of food stamp participation rates will be biased if CPS data on participation is used. As mentioned in *Food Stamp Participation Rates in California Since 1996*⁷, the reason for this bias is the under-reporting of participation: Some people will deny being on food stamps. As a means of overcoming this bias the parameter of interest is taken to be the ratio of participation rates for the two groups. It can be shown that the estimate of this ratio of participation rates is unbiased provided that members of non-working households and members of working households are equally likely to deny receiving food stamps.

⁷ Bottomley, Christian. 2001. "Food Stamp Participation Rates in California Since 1996". California Food Policy Advocates.

Results

As indicated in the chart below, a slight increase in the percentage of people eligible for food stamps who are members of working households was observed. The increase between 1997 and 1998 was statistically significant (p-value=0.02). In addition to the percentage increase, the actual number of working eligible households also increased between 1997 and 1999.

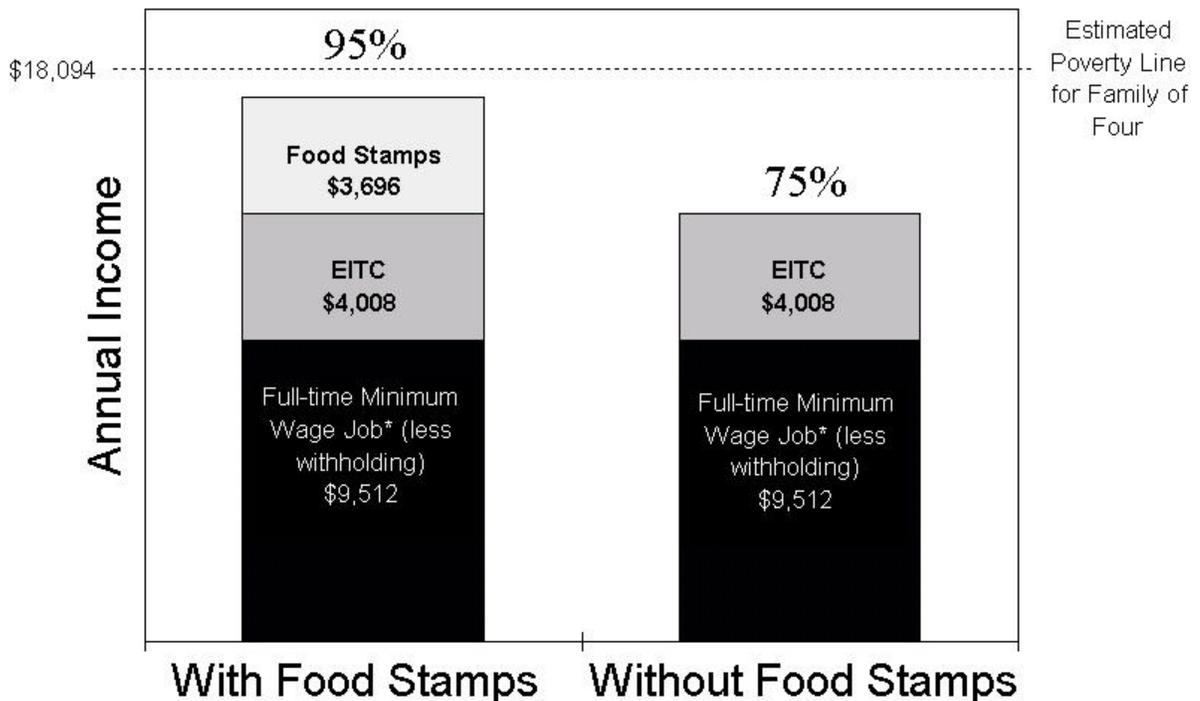


But while working households make up 71% of the food stamp eligible populations they are less likely to participate than non-working households. For the population as a whole, the participation rate is 55% greater amongst members of non-working families than it is amongst members of working families. In other words, the probability that a food stamp eligible member of a non-working household participates is 55% greater than the probability that a food stamp eligible member of a working household participates.

Discussion

The Food Stamp Program has the potential to be a work support for low-wage workers. As the following chart indicates, only by receiving food stamps and claiming the earned income tax credit do families with full time minimum wage workers approach the poverty line. However, the Food Stamp Program was originally designed for people on fixed incomes – not for people with fluctuating earnings.

Helping Working Families Reach the Poverty Line, 2001



*Assumes 2,000 hours per year of work, and no work or child care expenses

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Since the Food Stamp Program was not designed with working families in mind, it is perhaps not surprising that this analysis shows that the food stamp participation rate has been shown to be lower among members of working households than members of non-working households. So why is it that working people are less likely to participate in the Food Stamp Program? Conjecture leads the author to suggest further analyses on the issues of misinformation and program access barriers.

Misinformation

One of the most commonly voiced problems about the Food Stamp Program is that people are misinformed about eligibility. Often, people assume that if they are working they simply are not able to receive food stamps. This has become more of a problem in the wake of welfare reform. Many people losing or leaving cash benefits because of wages from work assume that they will no longer be able to receive food stamps. In order for welfare-to-work to truly work,

accurate information about the Food Stamp Program must reach people who are either misinformed or not informed at all about food stamps.

California Food Policy Advocates developed a campaign called “Food Stamps Work,” which includes materials encouraging working families to apply for food stamps. These materials can be ordered at http://www.cfpa.net/foodstamps/kit/outreach_material_descriptions.htm. CFPA recommends that these materials be used to help dispel the myths about work and food stamps.

Beyond these materials, further outreach to the working poor is needed. Despite our state’s low level of food stamp participation, California has not accessed federal matching money for outreach. Several states have drawn down matching federal funds for outreach, in each case participation has increased in targeted groups. California Food Policy Advocates recommends that the legislature invest \$2 million in food stamp outreach. This money would be matched by \$2 million in federal money and be made available to counties and community based organizations on a competitive basis.

Access Barriers

Program access continues to be a significant obstacle to enrolling and retaining those who are eligible for the Food Stamp Program. Applying and maintaining participation in the Food Stamp Program is more difficult if one is working. Lengthy applications, frequent reporting and confusing requirements serve as barriers between working people and the support they need.

Below are common barriers that have been identified and some recommended solutions.

- **Inaccessible office hours:** Extending office hours beyond the traditional eight-hour workday allows working people a chance to apply or make appointments in the evening hours without having to take time away from the job. Sacramento County, for example, extends its food stamp office hours until 9 PM, Monday through Friday, allowing appointments to be made and applications to be filed outside of traditional work hours.
- **Lengthy Application Processes:** Although the Food Stamp Program is tremendously complicated, the application process can be simplified so that it is less of a burden to those attempting to access the program. Santa Cruz County, for instance, has a member of its clerical staff available during business hours everyday to help applicants complete the food stamp application. In Napa County, the food stamp application is available at the Food Bank, where clients can initiate the application process, limiting the number of necessary trips to the office.
- **Monthly Reporting of income and other information:** California requires food stamp recipients to file a monthly report (CA-7), even if no changes in income or household composition have taken place. This places a significant burden on recipients and county workers, and leads to frequent errors that require clarification and, often, trips to the food stamp office. One way of limiting the frustration of food stamp paperwork is by switching from monthly reporting to quarterly or status reporting. Currently, 12 states

use quarterly reporting, while 22 states have implemented status reporting. Both of these options significantly ease the paperwork crush that clients and workers experience.

Benefit Adequacy

The author recommends that the adequacy of food stamp benefits be examined. Since food stamp benefits decrease with an increase income, the effects of income on these findings must be analyzed and isolated.

Conclusion

The Food Stamp Program will expire in 2002 and will have to be reauthorized by Congress. At the time of reauthorization, the underutilization of the program by the working poor can be addressed. California Food Policy Advocates encourages policymakers to take this opportunity to remove the specific barriers which make it difficult for working families to get the valuable nutritional benefits that food stamps provide.

Appendix A

Ratio of rates: Participation rate amongst members of non-working families/
participation rate amongst members of working families

	Estimate	95% Confidence Interval
All Eligibles	1.55	1.36-1.77

Appendix B

Estimating a Confidence Interval for the Ratio of Rates in 1999 using the Jack-Knife procedure and the Generalized Variance Function

The sample that forms the CPS data set can be split into 8 rotation groups. A rotation group consists of households that begin the CPS at the same time. Each of the 8 rotation groups is produced using the same sampling methodology. As a consequence of this sample design it is possible to estimate the standard error of parameter estimates using the Jack-Knife procedure. The standard error of the ratio of rates in 1999 was computed as follows:

Y = Estimate of the ratio of rates combining data from all 8 rotation groups.

$Y_{(r)}$ = Estimate of the ratio of rates excluding the r^{th} rotation group

$$SE(Y) = \sqrt{\frac{7}{8} \sum_{r=1}^8 (Y_{(r)} - Y)^2}$$

The values of $Y_{(r)}$ are given below, $Y = 1.56$

Rotation Group	$Y_{(r)}$
1	1.68
2	1.68
3	1.59
4	1.50
5	1.52
6	1.48
7	1.40
8	1.63

Thus $SE(Y)$ using the Jack-Knife procedure was found to be 0.255 and the 95% confidence interval is therefore 1.06-2.05. This compares quite favorably with the 95% confidence interval produced using the generalized variance function that is 1.19-2.03.